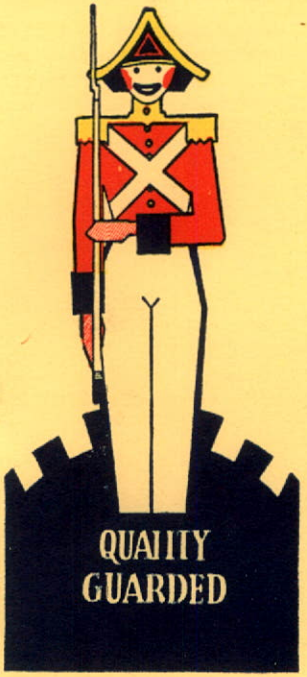
EASTERN DAIRIES LIMITED



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Annual Report
for the year ending
31st March, 1943

EASTERN DAIRIES LIMITED

Annual Report
for the year ending
31st March, 1943

EASTERN DAIRIES, LIMITED

OFFICERS

President and Managing Director

W. R. AIRD, Montreal

Vice-President

P. A. THOMSON, Montreal

DIRECTORS

W. R. AIRD ..... Montreal
E. W. KING ..... Toronto
A. J. NESBITT ..... Montreal
MAJ.-GEN. C. B. PRICE ..... Montreal
P. A. THOMSON ..... Montreal
J. A. SMITH, Secretary-Treasurer

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Transfer Agents

MONTREAL TRUST COMPANY

Auditors

P. S. ROSS & SONS

To the Shareholders:

YOUR Directors submit herewith their Annual Report covering the operations of your Company and its subsidiaries for the year ended 31st March, 1943, accompanied by a Consolidated Statement of Assets and Liabilities, Capital Deficit Account and Statement of Deficit from Operations duly certified by the Companies' Auditors.

A comparison of the result of operations for the year ended 31st March, 1943, with that of the previous fiscal year ended 31st March, 1942 follows:

		1943		1942
Operating Profit		$767,563.11		$561,034.21
LESS:				
Bond Interest	146,263.46		145,980.00	
Premium paid on foreign funds for Bond Interest	16,120.62		16,065.80	
Write-off — Bottle Account	169,866.16			
Provision for Income and Excess Profits Taxes (1943 includes refundable portion of Excess Profit Taxes estimated at $13,168.49)	184,805.93	517,056.17	41,000.98	203,046.78
Profit before Depreciation		$250,506.94		$357,987.43
DEDUCT:				
Depreciation	176,935.37		296,471.99	
Proportion of Profits applicable to Preferred shares of Acme Farmers Dairy Ltd., and Crescent Creamery Co., Limited	81,067.89	258,003.26	45,618.22	342,090.21
NET LOSS		$ 7,496.32	Net Profit	$ 15,897.22

During the fiscal year regulations were imposed by the Milk Control Board of Ontario and the Dairy Commission of the Province of Quebec and concurred in by the Wartime Prices and Trade Board whereby all milk bottles carried a deposit of five cents each. These regulations had the effect on your Company of incurring an extraordinary bottle loss of $169,866.16.

The Company was unable to meet its Sinking Fund Instalments due May 1st, 1942, and May 1st, 1943, on the 6% Twenty-Year Collateral Trust Bonds and in this respect is in default an amount aggregating $185,630.00. The Consolidated Balance Sheet shows an improved working capital and substantial cash balances and investment in Government Bonds of which a large proportion represents assets of two Subsidiaries not wholly owned, the dividends on the Preferred Stock of which are in arrears and which arrears must be satisfied before any dividends can be paid on the Common Stock of said Subsidiaries held by the parent Company.

The Plant and Equipment of your Company have been maintained in good condition notwithstanding the difficulties of obtaining replacements and supplies.

Your Company's efforts directed towards improving sales again resulted in all subsidiaries showing a substantial increase in the volume of the various products sold with the exception of ice cream, the sales of which were limited to the same volume as that of the previous year due to an order issued by the Dairy Products Board.

Due to the increased volume of sales operating expenses were of necessity greater than for the previous fiscal year but the management of your Company has been successful in preventing the increase in expenses becoming greater than the increased volume of sales warranted.

Under present conditions any attempt to anticipate the result of future operations would be impossible. Regulations that are of national interest have to be made with very little notice and the difficulties of obtaining supplies, labour and other services required for efficient operation are continually becoming more acute.

The Directors and Management of your Company fully appreciate the situation and are doing everything possible to be prepared to adapt quickly all phases of operations in order that the interests of your Company will be protected.

The Directors of your Company have followed the policy of offering their co-operation to the authorities with regard to any adjustments in operations of your business which would appear to be in the national interest and particularly in the furtherance of the war effort.

Your Directors wish to express their regret of the death on August 13th, 1942 of Mr. C. V. Thompson who rendered valuable service as Secretary-Treasurer of your Company.

The Officers and staff of your Company have rendered efficient and loyal service throughout another difficult year and your Directors wish to express their appreciation for the co-operation received.

Submitted on behalf of the Board.

W. R. AIRD, President.

CONSOLIDATED
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O
EASTERN DAIRIES, LIMITED
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Elmhurst Da
The Producers
NOT WHOL
Acme Farmers
Crescent Creamery

ASSETS

Current Assets:

Cash on Hand and in Banks	$ 589,542.98	
Accounts Receivable, less Reserve	396,112.34	
Accrued Interest Receivable	5,273.87	
Investment in Dominion of Canada bonds, at quoted market value	424,531.25	
Amount deposited with Trustee for bondholders (being interest on debenture notes of subsidiary companies pledged under Trust Deed and applied by Trustee to payment of bond interest due 1st May, 1943)	43,749.99	
Inventories at cost or market whichever lower—Products, raw materials, operating, advertising and office supplies, as determined by physical inventories and certified by officers of the Companies	350,759.53	
		$1,809,969.96

Other Assets:

Investments in other companies—at quoted market value	5,851.00	
Deferred Accounts Receivable, less Reserve	17,359.28	
Balances due under Agreement of Sale and Mortgages	26,188.08	
Refundable portion of Excess Profits Tax—estimated	13,168.49	
		62,566.85

Fixed Assets:

Land, Buildings, Plant, Equipment, Furniture and Fixtures at replacement values—new, as determined by Canadian Appraisal Company Limited at various dates between 1st December 1925 and 9th June 1928 in respect of the individual Companies; subsequent additions at cost	7,077,702.37	
Deduct: Reserve for Depreciation	3,072,477.56	
		4,005,224.81
Prepaid and Deferred Charges		69,077.58
		$5,946,839.20

Approved on behalf of the Board:
W. R. AIRD, Director.
P. A. THOMSON, Director.

To the Shareholders,
EASTERN DAIRIES LIMITED,
MONTREAL.

AUDITORS

We have made an examination of the Consolidated Balance Sheet of Eastern Dairies, Limited and its subsidiary compan Eastern Dairies, Limited, Acme Farmers Dairy, Limited, Crescent Creamery Company, Limited and Elmhurst Dairy, Limited and auditors, and obtained all the information and explanations required by us. We also made a general review of the accounting me did not make a detailed audit of their transactions.

The above Consolidated Balance Sheet includes two subsidiary companies, namely, Acme Farmers Dairy, Limited an Companies amounting to $1,189,393.98 and $544,511.53 respectively are reflected under these captions on the above Balance Shee

Due to: (1) Arrears of dividends on the 7,000 shares of Acme Farmers Dairy, Limited preferred shares amounting to $502,2
(2) Insufficient assets in Crescent Creamery Company, Limited to provide for full liability in respect of par value
therefore can be made

no part of the current capital of either of the said subsidiary companies not wholly owned aggregating $644,882.45, being the exc the extent dividends may be received in the future on preferred shares of such subsidiary companies held by Eastern Dairies, Limi

Subject to the foregoing and based upon the examination referred to above, the above Consolidated Balance Sheet, in our subsidiary companies at 31st March, 1943, according to the best of our information and the explanations given to us and as show

BALANCE SHEET
RCH 1943
F
ND SUBSIDIARY COMPANIES
OWNED
iry, Limited
Dairy, Limited
LY OWNED
Dairy, Limited
Company, Limited

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 647,892.67	
Taxes due and accrued, subject to final determination of liability for Income and Excess Profits Taxes	135,250.67	
Salesmen's deposits and unredeemed tickets	105,364.64	
Accrued Bond Interest (including provision for premium on U. S. Dollars)	68,806.12	
		$ 957,314.10
Equity available for Subsidiary Companies' shares in hands of Public:		
Acme Farmers Dairy, Limited 5,972 Preferred Shares	1,025,691.00	
Crescent Creamery Company, Limited 6,383 Preferred Shares	578,954.79	
		1,604,645.79
6% Twenty Year First Collateral Trust Sinking Fund Convertible Bonds, Series "A", due 1st May, 1949 (Sinking Fund instalments due 1st May, 1942, and 1st May, 1943, totalling $185,630.00 not paid 14th July, 1943).		2,479,500.00
Capital:		
Seven per cent Cumulative Preference Stock (Callable on 30 days' notice at $105.00 per share) Authorized—50,000 Shares at $100.00 par value each Issued —25,000 Shares	2,500,000.00	
Common Stock— Authorized—200,000 Shares without nominal or par value Issued to Public—99,020 Shares	1,579,210.00	
	4,079,210.00	
Deduct:		
Capital Deficit—as per statement attached	$2,744,051.46	
Deficit—subject to final determination of liability for Income and Excess Profits Taxes, as per statement attached	442,947.72	
	3,186,999.18	
Less: Deferred surplus—estimated refundable portion of Excess Profits Tax, as per contra	13,168.49	3,173,830.69 905,379.31
		$5,946,839.20

Contingent Liability:

Bank Loans in respect of and secured by Dominion of Canada bonds subscribed for by employees $4,166.78.

' REPORT

Montreal, 14th July, 1943.

ies as at 31st March, 1943. In connection therewith, we examined or tested accounting records and other supporting evidence of have been furnished with financial statements at 31st March, 1943, of The Producers Dairy, Limited, certified by independent thods of the companies examined by us and of their operating and income accounts for the year ended 31st March, 1943, but we

d Crescent Creamery Company Limited which are not wholly owned. The Current Assets and Current Liabilities of these two .

50.00 for which provision has been made on 5,972 shares in hands of public and
f 10,000 preferred shares of that Company on which there are also arrears of dividends amounting to 69% for which no provision

ess of Current Assets over Current Liabilities shown above, is available to meet liabilities of Eastern Dairies Limited except to ed or wholly owned subsidiary companies.

opinion is properly drawn up so as to exhibit a true and correct view of the state of affairs of Eastern Dairies, Limited, and its rn by the books of the companies examined by us and the certified statements furnished to us.

P. S. ROSS & SONS,
Chartered Accountants.

CONSOLIDATED STATEMENT OF CAPITAL DEFICIT

AT 31st MARCH, 1943

OF

EASTERN DAIRIES, LIMITED AND SUBSIDIARY COMPANIES

WHOLLY OWNED

Elmhurst Dairy, Limited

The Producers Dairy, Limited

NOT WHOLLY OWNED

Acme Farmers Dairy, Limited

Crescent Creamery Company, Limited

Capital Deficit at 31st March, 1942		$2,758,074.75
DEDUCT:		
Profit on sale of securities and adjustment of unsold securities to quoted market value after providing for portion applicable to preferred shares of Crescent Creamery Company Limited in hands of public	$ 8,122.03	
Adjustment to equity available for shares of subsidiary Companies in hands of public arising from purchase of shares during the year ended 31st March, 1943	7,316.69	
	15,438.72	
DEDUCT:		
Excess of cumulative dividends on Preferred shares of Acme Farmers Dairy, Limited, in hands of public, for the year ended 31st March, 1943, over net profits available for such dividends	1,415.43	
		14,023.29
Capital Deficit at 31st March, 1943		$2,744,051.46

CONSOLIDATED STATEMENT OF DEFICIT ACCOUNT

AT 31st MARCH, 1943

OF

EASTERN DAIRIES, LIMITED AND SUBSIDIARY COMPANIES

WHOLLY OWNED

Elmhurst Dairy, Limited

The Producers Dairy, Limited

NOT WHOLLY OWNED

Acme Farmers Dairy, Limited

Crescent Creamery Company, Limited

Balance 31st March, 1942			$ 436,299.84
DEDUCT:			
Refund of tax on profits applicable to prior year			848.44
			435,451.40
ADD:			
Profit from operations for the year ended 31st March, 1943		$ 791,711.70	
Income from investments		10,473.48	
		802,185.18	
DEDUCT:			
Remuneration of executive officers	$ 29,761.30		
Directors' fees	3,760.00		
Legal fees	1,100.77	34,622.07	
		767,563.11	
DEDUCT:			
Bond interest	$146,263.46		
Premium on foreign funds for bond interest	16,120.62		
Provision for depreciation	176,935.37		
Write-off—bottle account	169,866.16		
Provision for Income and Excess Profits Taxes pending final determination of liability (including estimated refundable portion of Excess Profits Tax amounting to $13,168.49)	184,805.93	693,991.54	
Net profit for the year ended 31st March, 1943		73,571.57	
DEDUCT:			
Proportion applicable to preferred shares of Acme Farmers Dairy, Limited and Crescent Creamery Company, Limited held by public		81,067.89	7,496.32
Deficit 31st March, 1943			$ 442,947.72

SUBSIDIARY COMPANIES

CRESCENT CREAMERY COMPANY, LIMITED
WINNIPEG, MAN.

Main Plant	542 Sherburn Street
Branch	Killarney, Man.
"	Portage la Prairie, Man.
"	Swan River, Man.
"	Yorkton, Sask.
Receiving Station	Steinbach, Man.

THE PRODUCERS DAIRY, LIMITED
OTTAWA, ONT.

Main Plant	275 Kent Street
Garage and Stables	28 Arthur Street
Storage Plant	200 Boulevard St. Joseph, Hull, P.Q.
Creamery	Almonte, Ont.
"	Shawville, Que.
Cheese Factory	Township of Ramsay, Ont.

SUBSIDIARY COMPANIES

ACME FARMERS DAIRY, LIMITED
TORONTO, ONT.

Main Plant	Walmer Road and MacPherson Ave.
Ice Cream Plant	254 Berkeley Street
Distributing Depot	2359 Danforth Avenue
" "	Centre Island
Powder and Condensing Plant	Napanee, Ont.
Powder, Condensing and Cheese Plant	Sydenham, Ont.

ELMHURST DAIRY, LIMITED
MONTREAL, QUE.

Main Plant	7460 Upper Lachine Road
Distributing Depot	101 River Street, Verdun
" "	6240 Hutchison Street, Outremont
Creamery	Richmond, Que.

CRESCENT CREAMERY COMPANY, LIMITED

FINANCIAL STATEMENTS

31st MARCH, 1943

CRESCENT CREAMERY

BALANCE SHEET AT

ASSETS

Current:		
Cash on Hand and in Banks	$112,326.78	
Accounts Receivable, less Reserve for Bad Debts	100,943.18	
Accrued Interest Receivable	646.32	
Investment in Dominion of Canada Bonds—at cost—(Quoted market value—$50,000.00)	50,000.00	
Inventories at Cost—		
Products, Raw Materials, Operating, Advertising and Office Supplies, as determined by physical inventory and certified by officers of the Company	78,700.94	$342,617.22
Other Assets:		
Securities of Affiliated and other Companies (Aggregate quoted market value at 31st March, 1943—$46,547.50)	$90,815.00	
Deferred Accounts Receivable re Ice Cream Equipment, less Reserve for Bad Debts	28,380.78	
Balances due under Agreement of Sale and Mortgages	26,188.08	
Refundable Portion of Excess Profits Tax—estimated	3,884.49	149,268.35
Fixed:		
Land, Building, Plant, Equipment and Furniture and Fixtures at replacement value—new, as established by Canadian Appraisal Company as of 6th August, 1927; subsequent additions at cost	1,271,587.74	
Deduct: Reserve for Depreciation	710,205.23	561,382.51
Prepaid and Deferred Charges		10,834.39
Goodwill		273,962.62
		$1,338,065.09

Approved on behalf of the Board:

W. R. AIRD, Director.

J. E. WOODS, Director.

AUDITORS'

TO THE SHAREHOLDERS,
CRESCENT CREAMERY COMPANY, LIMITED,
WINNIPEG, MANITOBA.

We have compared the above Balance Sheet at 31st March, 1943, with the books and records of Crescent Crea

We certify that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and corr of our information and the explanations given to us, and as shown by the books of the Company. All the transactio the best of our information and belief.

COMPANY, LIMITED

31st MARCH, 1943

LIABILITIES

Current:

Accounts Payable and Accrued Liabilities	$105,086.82	
Taxes, Due and Accrued, subject to final determination of liability for Excess Profits Tax	39,145.99	
Unredeemed Tickets	2,052.28	
Salesmen's Deposits	7,521.00	$153,806.09
Deferred Revenue		11,021.50

Capital:

7% Cumulative Preferred Stock— (Callable at $105.00 per share upon thirty days' notice) Authorized—14,500 Shares of $100.00 each Issued —10,000 Shares (Dividend in arrears since 1st April, 1933, except for $1.00 per share paid 16th April, 1934).	1,000,000.00
Common Stock— Authorized—50,000 Shares of No Par Value Issued —50,000 Shares	50,000.00
Capital Surplus arising from Appraisal of Fixed Assets, less subsequent loss on disposal of certain Assets	23,945.97
Earned Surplus, subject to final determination of liability for Excess Profits Tax	99,291.53
	$1,338,065.09

REPORT

18th June, 1943

nery Company, Limited, and have obtained all the information and explanations that we have required.
ect view of the state of affairs of Crescent Creamery Company, Limited, at 31st March, 1943, according to the best
ns of the Company that have come within our notice have been within the objects and powers of the Company, to

P. S. ROSS & SONS,
Chartered Accountants.

CRESCENT CREAMERY COMPANY, LIMITED

EARNED SURPLUS ACCOUNT AT 31st MARCH, 1943

Balance at credit 31st March, 1942			$44,909.32
ADD:			
Profit from Operations for the year ended 31st March, 1943, before providing for Depreciation and Income and Excess Profits Tax		$153,440.31	
Income from Investments		3,328.46	
Profit on sale of Equipment		125.00	
		$156,893.77	
LESS: Loss on sale of Securities (net)	$ 9,375.00		
Provision for Depreciation	38,207.04		
Provision for Income and Excess Profits Taxes pending final determination of liability for Excess Profits Tax	$58,814.01		
LESS:			
Refundable portion of Excess Profits Tax estimated	3,884.49	54,929.52	102,511.56
Profit for the year ended 31st March, 1943			54,382.21
Balance at credit 31st March, 1943, subject to final determination of liability for Excess Profits Tax			$99,291.53

ACME FARMERS DAIRY, LIMITED

FINANCIAL STATEMENTS

31st MARCH, 1943

ACME FARMERS

BALANCE SHEET A

ASSETS

Current Assets:		
Cash on Hand and in Banks	$218,196.85	
Investment in Dominion of Canada Bonds (Quoted market value, $349,562.50)	350,312.50	
Accounts Receivable, less Reserve	109,348.35	
Interest Receivable	4,315.05	
Due from Eastern Dairies, Limited	44,315.40	
Inventories at cost or market value, whichever lower— Products, Raw Materials, Operating, Advertising and Office Supplies as determined by physical inventory and certified by officers of the Company	120,288.61	$ 846,776.76
Other Assets:		
Refundable Portion of Excess Profits Tax—estimated	3,907.40	
Investment at cost	250.00	4,157.40
Fixed Assets:		
Land, Buildings, Plant, Equipment, Furniture and Fixtures at replacement values—new, as established by Canadian Appraisal Company Limited as of 15th November and 15th December, 1926, and 15th January, 1927; subsequent additions at cost	3,443,488.26	
DEDUCT: Reserve for Depreciation	1,394,368.21	2,049,120.05
Prepaid and Deferred Charges		35,189.64
Goodwill		207,313.37
		$3,142,557.22

Approved on behalf of the Board:

W. R. AIRD, Director.
GEO. S. HENRY, Director.

AUDITORS

TO THE SHAREHOLDERS,
ACME FARMERS DAIRY, LIMITED,
TORONTO, ONT.

We have made an examination of the Balance Sheet of Acme Farmers Dairy, Limited, as at 31st March, 1943 all the information and explanations required by us. We also made a general review of the accounting methods and detailed audit of the transactions.

In our opinion, based upon the examination referred to above, the above Balance Sheet is properly drawn up according to the best of our information and the explanations given to us and as shown by the books of the Company

DAIRY, LIMITED

T 31st MARCH, 1943

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities	$280,112.22	
Taxes, Due and Accrued, subject to final determination of liability for Income and Excess Profits Taxes	72,743.97	
Salesmen's Deposits ($17,304.18) and Unredeemed Tickets	37,849.25	$ 390,705.44
Seven per cent Twenty Year Debenture Notes due 1st May, 1949—Authorized and Issued (held by Eastern Dairies, Limited)		700,000.00
Capital:		
7% Cumulative Preferred Stock—		
Authorized—7,500 Shares of $100.00 each Issued —7,000 Shares (Dividends in arrears since 1st January, 1933)	700,000.00	
Common Stock—		
Authorized—150,000 Shares of No Par Value Issued — 83,420 Shares	685,500.00	1,385,500.00
Capital Surplus, arising from appraisal of Fixed Assets, less subsequent loss on sale of assets		308,005.75
Earned Surplus, subject to final determination of liablity for Income and Excess Profits Taxes, as per statement attached	354,438.63	
Deferred Surplus, estimated refundable portion of Excess Profits Tax as per contra	3,907.40	358,346.03
		$3,142,557.22

S' REPORT

14th July, 1943.

. In connection therewith we examined or tested the accounting records and other supporting evidence and obtained of the operating and income accounts of the Company for the year ended 31st March, 1943, but we did not make a

so as to exhibit a true and correct view of the state of affairs of Acme Farmers Dairy, Limited, at 31st March, 1943.

P. S. ROSS & SONS,
Chartered Accountants.

ACME FARMERS DAIRY, LIMITED

STATEMENT OF EARNED SURPLUS AT 31st MARCH, 1943

Balance at credit 31st March, 1942			$304,933.60
ADD:—Prior period adjustment of Provision for Income and Excess Profits Taxes			91.80
			305,025.40
Profit from operations for the year ended 31st March, 1943		$354,690.20	
Profit on Sale of Securities		2,069.00	
Income from Investments		7,655.38	
		364,414.58	
DEDUCT:			
Interest on Debenture Notes	$ 48,999.96		
Remuneration of Executive Officers	8,323.33		
Directors' Fees	860.00		
Write off Bottle Account	107,630.51		
Depreciation	69,934.40		
Provision for Income and Excess Profits Taxes pending final determination of liability (including estimated refundable portion of Excess Profits Tax amounting to $3,907.40)	79,253.15	315,001.35	
Profit for the year ended 31st March, 1943			49,413.23
Balance at credit of Earned Surplus at 31st March, 1943, subject to final determination of liability for Income and Excess Profits Taxes			$354,438.63

as at 31st March, 1943 of the following Companies:

Eastern Dairies Limited
Acme Farmers Dairy, Limited
Crescent Creamery Company Limited

These additional statements are submitted at this time for your information in the hope that they may be of some assistance to you in appreciating the necessity for the proposed reorganization as outlined in the Plan already sent to you and in order that you may also appreciate the simplification of the capital structure of the proposed new Company as compared with the present holding Company and separate subsidiaries and the benefits which will accrue to you as either a Preferred or Common Shareholder if the Plan of Reorganization becomes effective.

Respectfully submitted,

W. R. AIRD,
President.

EASTERN DAIRIES LIMITED

7460 UPPER LACHINE ROAD
MONTREAL
CANADA

EXECUTIVE OFFICES

July 20th, 1943.

To the Preferred and Common Shareholders
of Eastern Dairies Limited.

Dear Sir or Madam:—

Enclosed herewith is the Annual Report of Eastern Dairies Limited together with the Consolidated Balance Sheet of Eastern Dairies Limited and its subsidiary companies (two of which are not wholly owned) and the Consolidated Profit and Loss Account of these Companies for the fiscal year ended 31st March, 1943.

In addition to these statements there is also enclosed the Financial Statements

EASTERN DAIRIES, LIMITED
FINANCIAL STATEMENTS
31st MARCH, 1943

EASTERN DAIRIES, LIMITED

STATEMENT OF DEFICIT ACCOUNT AT 31st MARCH, 1943

Balance at debit—31st March, 1942			$436,299.84
DEDUCT:—Refund of tax on profits applicable to prior year			235.55
			436,064.29
Income from Subsidiary Companies being interest on Debenture Notes (pledged under Trust Deed) and Management Fees:			
Wholly owned Subsidiaries	$103,999.96		
Not wholly owned Subsidiaries	84,999.96	$188,999.92	
Interest and Dividends received from other Companies		866.53	
Miscellaneous Income		1,551.06	
Profit of wholly owned Subsidiaries for the year ended 31st March, 1943 (Notes 1 and 3)	39,513.57		
Portion of profits of Subsidiaries—not wholly owned—for year ended 31st March, 1943, applicable to preferred share holdings in such Subsidiaries (Notes 2 and 3)	26,115.86	65,629.43	
		257,046.94	
DEDUCT:			
Administration and Technical Expenses	48,489.99		
Cost of Marketing By-Products manufactured by Subsidiary Companies	28,608.49		
Remuneration of Executive Officers (Note 4)	19,897.97		
Directors' Fees (Note 4)	600.00		
Legal Fees	404.60	98,001.05	
		159,045.89	
DEDUCT:			
Bond Interest	148,770.00		
Premium on Foreign Funds for Bond Interest	16,120.62		
Provision for Depreciation	1,038.70	165,929.32	
Loss for the year ended 31st March, 1943			6,883.43
Deficit at 31st March, 1943			$442,947.72

NOTE 1. Cash dividends declared during the year ended 31st March, 1943, amounted to $69,782.25.

NOTE 2. No dividends have been declared during the year ended 31st March, 1943.

NOTE 3. Profits from Subsidiaries are added to book value of investments therein and dividends when received are deducted therefrom. Refunds of taxes amounting to $612.89 are added to the profits for the year ended 31st March 1943.

NOTE 4. In addition to amount shown above, Subsidiary Companies paid:

Directors' Fees to Executive Officers of Eastern Dairies, Limited	$1,040.00
Remuneration of an executive officer of a subsidiary company who is a director of Eastern Dairies, Limited, and Directors' fees to other Directors of Eastern Dairies Limited	$9,503.33

EASTERN DAIR

BALANCE SHEET AT

ASSETS

Current Assets:			
Cash on hand and in Bank		$29,194.70	
Accounts Receivable, less Reserve		33,266.54	
Accounts Receivable from Subsidiary Companies		1,972.89	
Interest on Debenture Notes of Subsidiary Companies deposited with Trustee for Bondholders	$43,749.99		
Dividends declared by Wholly owned Subsidiary Companies deposited with Trustee for Bondholders when received in April, 1943	27,465.75	71,215.74	
(These amounts have been applied by the Trustee for the Bondholders to payment of Bond Interest due 1st May, 1943).			
Inventory at Cost—			
Advertising and office supplies as determined by physical inventory and certified by officers of the Company		6,187.18	$ 141,837.05
Investments at cost less amounts written off:			
Subsidiary Companies—			
Wholly Owned		1,822,081.67	
Not Wholly Owned		1,532,928.11	
Other Companies		1.00	3,355,010.78
Fixed Assets:			
Laboratory Equipment and Furniture and Fixtures at replacement values new, as established by Canadian Appraisal Company Limited at 15th November, 1926; subsequent additions at cost		16,375.37	
DEDUCT: Reserve for Depreciation		12,483.07	3,892.30
Prepaid and Deferred Charges			1,325.95
			$3,502,066.08

Approved on behalf of the Board:

W. R. AIRD, Director.

P. A. THOMSON, Director.

AUDITORS'

TO THE SHAREHOLDERS,
EASTERN DAIRIES, LIMITED,
MONTREAL.

We have made an examination of the Balance Sheet of Eastern Dairies, Limited as at 31st March, 1943, and the accounting records and other supporting evidence and made a general review of the accounting methods and of the o audit of the transactions.

The aggregate of profits less losses of subsidiary companies from the dates of acquisition to 31st March, 1943, a statements.

In our opinion, based upon the examination referred to above, the above Balance Sheet is properly drawn up so ing to the best of our information and the explanations given to us and as shown by the books of the Company exami

IES, LIMITED

31st MARCH, 1943

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities	$10,257.09	
Accounts Payable—Subsidiary Companies	50,763.90	
Taxes, due and accrued	528.15	
Accrued bond interest and provision for premium on U.S. dollars	68,806.12	$ 130,355.26
6% Twenty Year First Collateral Trust Sinking Fund Convertible Bonds, Series "A", due 1st May, 1949		2,479,500.00
(Sinking Fund instalments due 1st May, 1942, and 1st May, 1943, totalling $185,630.00 not paid 14th July, 1943.)		
Capital:		
Seven per cent Cumulative Preference Stock (Callable on 30 days' notice at $105.00 per share). Authorized—50,000 Shares of $100.00 par value each.. Issued —25,000 Shares	2,500,000.00	
(Dividends in arrears 71¾% at 31st March, 1943.)		
Common Stock: Authorized—200,000 shares without nominal or par value		
Issued to the public—99,020 shares	1,579,210.00	
(After deducting 300 shares held by Company for employees and 680 shares owned by Subsidiary Companies.)		
	4,079,210.00	
DEDUCT:		
Capital Deficit—as per statement attached	$2,744,051.46	
Deficit—as per statement attached	442,947.72	3,186,999.18 892,210.82
		$3,502,066.08

REPORT

14th July, 1943.

ıave obtained all the information and explanations required by us. In connection therewith we examined or tested perating and income accounts of the Company for the year ended 31st March, 1943, but we did not make a detailed

pplicable to the share holdings of Eastern Dairies, Limited in such companies, have been reflected in the attached

as to exhibit a true and correct view of the state of affairs of Eastern Dairies, Limited at 31st March, 1943, accordıed by us.

P. S. ROSS & SONS,
Chartered Accountants.

EASTERN DAIRIES, LIMITED

STATEMENT OF CAPITAL DEFICIT AT 31st MARCH, 1943

Balance at 31st March, 1942			$2,758,074.75
DEDUCT:			
Profit on Sale of Securities		$6,359.18	
Amount added to book value of investments in subsidiary companies—			
Excess of equity value over purchase cost of additional shares of Crescent Creamery Company Limited	$7,316.69		
Adjustment to market value of securities less loss on securities sold	1,762.85		
	9,079.54		
DEDUCT:			
Excess of cumulative dividends on preferred shares of Acme Farmers Dairy, Limited, in hands of public over proportion of net earnings for year ended 31st March, 1943, available therefor	1,415.43	7,664.11	14,023.29
Capital Deficit at 31st March, 1943			$2,744,051.46

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